

STATE OF CALIFORNIA

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BUSINESS, TRANSPORTATION AND HOUSING AGENCY

Regional Economic Recovery Work Plans Suggested Guidelines

Overview and Purpose

While the Governor, Sacramento lawmakers and policymakers in Washington continue working on economic recovery strategies, the urgency of the crisis compels us to remain focused on actions that can be taken immediately to help bring about a recovery as soon as possible. All public agencies responsible for expending federal stimulus funds or other public funds should be accountable for ensuring that those resources are expended efficiently, effectively in a manner that stimulates near-term economic growth and adds long-term economic value with sensitivity to environmental impacts.

To maximize the impact of federal stimulus and other limited resources, regional stakeholders are encouraged to develop a Regional Economic Recovery Work Plan (Plan) that supports economic recovery by, at a minimum: (1) leveraging resources, (2) expediting infrastructure delivery, (3) supporting the growth of business and innovation, (4) developing the California workforce, and where possible (5) enhancing environmental quality. The Plans are intended to help identify and seize opportunities for economic recovery and sustainable growth. While not mandatory, the benefits of partnering with the State to develop a Plan include opportunities to:

- Instill public confidence by demonstrating that the region has strategies to mitigate the impact of the current crisis and expedite regional recovery
- Demonstrate readiness and ability to utilize stimulus funds quickly and effectively
- Enhance accountability in tracking utilization of federal stimulus funding
- Leverage federal stimulus funds controlled by the State
- Receive bonus points for certain Proposition 1C housing bond applications and other requests for State housing funds
- Receive State assistance in identifying and applying for state and federal grants and in meeting federal regulatory requirements
- Receive State assistance with targeted outreach and education on new tax incentives available to businesses in the region
- Receive State assistance in leveraging new economic recovery and infrastructure financing tools

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Proposed Timetable

In order to have in place by June 1, 2009, recovery plans covering every region of the State, we propose the following general timetable:

March: Regional coordination and development of draft Plan (state agencies available for consultation and technical assistance)

April 1: Submit draft Plan to the Business, Transportation and Housing Agency for review

May 1: Distribute Plan for regional buy-in (formal or informal)

June 1: Plans in place for all regions of the State (subject to on-going review)

Suggested Content

To the greatest extent possible, the Plan should be grounded in and support, but not replace, long-term plans for infrastructure, land use or economic development, including responses to recently-enacted environmental and planning legislation, such as AB 32 and SB 375. The Plan should reflect a collection of specific goals and steps that can be taken to achieve them over the next two years. The content should be: focused and specific, consensus-driven, and achievable without major legislation or significant new resources, except those which may become available as the result of stimulus or other extraordinary funding.

Infrastructure and Development

California has roughly \$44 billion in projects that are ready to start construction or place orders, which would generate nearly 800,000 jobs over the life of these projects. This includes:

- \$11.8 billion in energy and energy efficiency projects
- \$11 billion in investment in road, transit and rail construction
- \$4 billion in health care investment, including \$1.4 billion in health IT
- \$8.5 billion in water and sewer projects
- \$1.1 billion in school construction, broadband and career technical education
- More than \$5 billion in airport, park, public safety and other public infrastructure
- Over \$1 billion in low income housing projects, generating 90,000 jobs

Tier 1: Projects Considered for Immediate Funding

Regarding the use of funds subject to strict “use-it-or-lose-it” requirements, the Plan should describe how the region’s project selection and other decision-making processes will consider and address:

Opportunities to Leverage

- Immediate jobs growth (quantity and quality)
- Environmental stewardship: green infrastructure, AB 32 and SB 375 compliance
- Long-term regional economic benefits

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Strategies to Overcome Regulatory and Operational Barriers

- Procurement procedures
- Small business participation
- Permit review (prior to and during construction)

Transparency and Accountability

- Means of compliance with state and federal transparency and accountability requirements

Tier 2: Projects that Warrant Priority Review and Funding within Two Years

Various state, local and federal regulatory and permitting agencies have the authority and responsibility to administer environmental laws and statutes, and all have opportunities to promote economic recovery while fulfilling their individual missions. While public and private stakeholders have differing missions and, at times, competing objectives, most have shared values and common interests on which consensus agreements can be built. Coordinated efforts to focus staff attention and resources on high priority projects and actions can contribute greatly to short-term economic stimulus and longer-term environmental goals.

The Plan should identify infrastructure or development projects (whether public, private or combined) that warrant priority review and funding so they can be shovel-ready within the next two years. Strong consideration and priority should be given to projects that develop sustainable infrastructure or otherwise include green components. The Plan should, in addition, identify process improvements to expedite specified projects or types of projects within existing authority. Strategies to achieve efficiencies while maintaining effective stewardship might include:

- Sequential and independent activities that could be combined and addressed concurrently. (For example, work with California Coastal Commission to consider combining CEQA and coastal permitting into one process could reduce delivery time and save project delivery cost.)
- Opportunities to receive earlier regulatory direction and tiered approvals to improve decision-sustainability along the way and reduce 11th hour revisions.
- Integrated project review and permitting processes at local, state and federal levels to save time and avoid redundancy.
- Priority project review teams to include federal, state and local authorities, as appropriate, encouraged to use innovative compliance strategies, e.g., concurrent review, EIR/EIS coordination, certified CEQA programs, tiered impact statements, mitigation banking and advance mitigation.
- To expedite individual project delivery, establish programmatic approval process by project type (environmental objective mitigation banking verses project-by-project mitigation or geographic-based coastal zone, goods movement or commute corridors).

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Priority funding might include the following stimulus grants, discretionary funds or financing tools:

Energy and Environment

State and Local Government Energy Grants
Grants to States for "charging infrastructure"
State and Local Efficient Trucks and Buses
Diesel Emission Reduction Act Grants

Health Information Technology

Health IT infrastructure and provider incentives

Transportation

Supplemental grants for highway investment
Supplemental discretionary grants for a National Surface Transportation System
Grants to states for investments in high speed and intercity passenger rail
Supplemental grants for public transit investment
Transit Capital Investment Grants

Housing

Supplemental Grants to PHAs for Capital Needs
Community Development Block Grants
HOME funds
Rural housing loans and grants
Homelessness prevention grants

Federal Communications Commission

Broadband Grants

Economic Development

Economic Development Assistance Programs

Infrastructure Financing Tools

A collection of changes mainly impacting various forms of tax-exempt financing

The Plan should also address opportunities to leverage resources and eliminate potential barriers (see Tier 1). In addition to specific projects, the Plan should comment on the viability of State-led efforts to stimulate job growth with infrastructure and development, for example, a "Shovel-Ready Site Certification Program" to enhance readiness to attract and facilitate new jobs and revenue-generating development when markets return.

Tier 3: Support for Housing and Communities Impacted by Mortgage and Financial Crises

The Plan should address: (i) opportunities to leverage state efforts to expedite mortgage loan modifications to avoid foreclosures and leverage new federal foreclosure prevention and community stabilization programs, and (ii) potential opportunities for federal stimulus grants or discretionary funds, including:

- Neighborhood Stabilization Program

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- Supplemental Grants to PHAs for Capital Needs
- Community Development Block Grants
- TARP II
- Homeless Prevention Funds
- HOME Gap Funding
- Weatherization Assistance
- Homebuyer Tax Credits

Support for Small Business and Innovation

The Plan should address:

1. Specific opportunities to leverage federal stimulus tools and resources, such as:

Manufacturing and Economic Recovery Tools

Industrial Development Bonds
Advanced Energy Investment Credit
New Markets Tax Credit
Recovery Zone Bonds
Tribal Economic Development Bonds
High-Speed Rail Tax-Exempt Facility Bonds

Department of Energy

Loan guarantees for standard renewables
Institutional Entities Direct Loans
Loan Guarantees Transmission

Small Business Administration

Surety bonds
Business Loans Program Account:
Sec.7(a) Guaranteed Loan Program
Fee reduction/elimination for all 7(a) loans
Sec.504 Loan Program
Sec. 7(a) Secondary Market Loans and New Direct Business Loan Program
Direct loans (Micro-loan Program)

2. Specific opportunities to leverage state and local tools and resources, such as:

Green Teams – Help small businesses reduce energy costs up to 10% by creating a “green team” program tasked with helping businesses to be more efficient.

Innovation Zones – Create “innovation zones” around the State’s universities, federal laboratories and research centers to stimulate and support young innovative companies in advanced manufacturing, life sciences, information technology, and environmental or renewable energy and other such industries selected by local and regional officials. Companies in the zones would be eligible to compete for a collection of state and federal grants or financial incentives to support growth, innovation and technology transfer.

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Innovation Fund – Have the Small Business Loan Guarantee Program partner with private venture companies to develop and manage an “innovation fund” that would be available to early-stage startups that are finding it increasingly difficult to raise capital.

Foreign Direct Investment -- Work with cities, counties and economic development corporations throughout the State to create a statewide foreign direct investment program that would target foreign firms looking to locate or expand in the U.S.

Workforce Development

The Plan should address:

1. Specific opportunities to leverage federal stimulus resources:

Employment and Training Administration

Training and Employment Services
Training and Employment Services (Adult)
Training and Employment Services (Youth)
Training and Employment Services (Dislocated Workers)
Training and Employment Services (National Emergency Grants)
Training and Employment Services (Dislocated Workers National Reserve)
Training and Employment Services (YouthBuild)
Community Service Employment for Older Americans
Office of Job Corps

2. Specific opportunities to leverage state and local tools and resources, such as:

Green Collar Jobs Council – Work with the newly established Green Collar Jobs Council to identify and develop strategies and specific actions necessary to address the growing need for a highly skilled and well-trained workforce that meets the needs of California's emerging green economy.

Suggested Format

Each Regional Economic Recovery Plan should be approximately 10 pages in length, recognizing that attachments or back-up materials may be appropriate. The Business, Transportation and Housing Agency will soon provide a suggested template for consistency among the regions.

If you have any questions, comments or concerns in the meantime, please contact Brian McGowan, Deputy Secretary for Economic Development and Commerce, at (916)-323-5408, or brian.mcgowan@bth.ca.gov.